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**Confessions of an artful hunter**

By Gerard Roche and Michael Skapinker  
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Is it true, I ask Gerard Roche, that when you first called Lou Gerstner to ask him to become head of International Business Machines, he told you to go away?

It is a story that Mr Roche, the greatest living headhunter, loves telling. There is a story he enjoys telling less, and we will come to it, but the IBM one is a favourite. Yes, he says, Mr Gerstner told him to go away. "But everybody does. They don't tell me to go away: they say they're not interested. They're happy. The better people are harder to get. The better people are busy. The better people don't like distractions." When you are on the trail of the big names in the corporate world, you need patience.

Another story Mr Roche loves to tell is what happened when Jack Welch announced that Jeffrey Immelt was to succeed him as chairman of General Electric. The announcement left two disappointed candidates looking for jobs, and they were quickly snapped up by other icons of corporate America. Robert Nardelli became chief executive of Home Depot. James McNerney went off to run 3M.

"Are you aware I did them both?" Mr Roche asks. "Within two weeks? Everybody thinks it just happened." No, nobody thinks it just happened. Any half-conscientious researcher will find a hillock of press clippings saying it was Mr Roche's work.

The "greatest living headhunter" label is not mine. Mr Roche, who joined Heidrick & Struggles 40 years ago, was named recruiter of the 20th century in a poll of his peers. Now Heidrick's senior chairman, he is based in the firm's New York offices on Park Avenue.

What makes a good headhunter? You have to understand the character of the person you are pursuing, he says. "What kind of human being is this? Not where did he go to school [or] what's his functional expertise. It's not a matter of intelligence, it's not a matter of product knowledge, it's not a matter of education. It's a matter of character and what kind of values does he have. So the soft side, almost the metaphysical side, is really where it's at."

Aren't a lot of these people really interested in being approached only so that they can demand more money in their existing jobs? "Yeah, yeah. Done all the time." He sounds annoyed.

Isn't it natural that people enjoy being in demand even if they have no intention of moving? "It's natural, but if you're in my shoes, you'd better be pretty good at smoking that out or you'll be spinning your wheels. Notice the mixed metaphors there? Spinning wheels. Smoking out. But anyhow.

"If you are sucked in by those people who want to use you all the time, you'll not be

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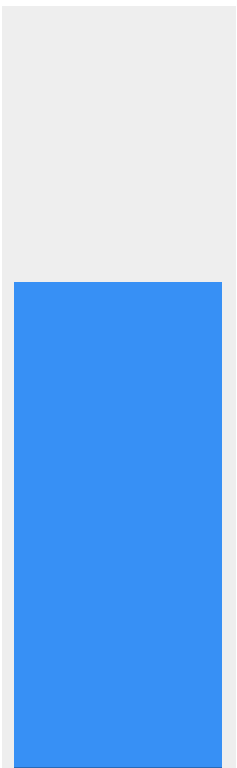
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efficient at your work, and you'll wind up chasing the stars of the world and having them get promotions and . . . increased incomes and having them go to their CEO and say: 'Wait until you hear what I was just offered today.'"

Aren't companies better off recruiting from inside anyway? Isn't there evidence that internal recruits are more successful as chief executives? Surprisingly, for a headhunter, Mr Roche has some sympathy for this view. "It's better to promote from inside versus outside, all things being equal." But things seldom are equal. There are examples of successful outsiders, he says, including those, such as Mr Gerstner, Mr Nardelli and Mr McNerney, that he helped place.

But, after carrying out a search and talking to external candidates, he does sometimes advise company boards to appoint internal candidates. He advised American Express to hire Harvey Golub, who served as chief executive from 1993 to 2000, and he told Sears Roebuck that its best candidate was insider Alan Lacy, who became chairman and chief executive in 2000.

Does Mr Roche still collect a fee if he recommends an insider? "Ye-e-es! Of course!" Many companies these days look outside even if they intend to make an inside appointment. "It's practically due diligence today, before succession committees place CEOs, that they at least look outside to see who else is available before they name their inside person. The greatest growth segment of our business has come by doing studies or searches to scan what's available on the outside and report it to boards and committees before they make their decision."

Why can't companies find chief executives themselves? They can, he says, provided they have enough time and don't mind if news gets out that they are looking. "I'm working on one of the biggest brands in the world right now and they don't want it known that they're looking. The beginning of the Coke search was with a high degree of confidentiality. You can't have Don Keough [the powerful Coca-Cola director] picking up the phone and calling people around the world without it becoming known that Coke is looking for a CEO."

Ah, the Coke search. This is the story Mr Roche is less happy talking about. It became public knowledge Douglas Daft was stepping down as chief executive and that Coca-Cola wanted Jim Kilts, head of Gillette, to succeed him. The eyes of the corporate world on him, Mr Kilts decided he didn't want the job. It went instead to Neville Isdell, a retired Coke lifer, passed over once before.

"The lack of confidentiality on that search was devastating," Mr Roche says. Devastating to whom? "To the process, to our ability to get people to hold up their hands and declare that they could be interested. It's had a negative effect on the search industry by having people say: 'Hey, if I let Roche know that I could be interested in this situation, it could appear in the Financial Times tomorrow and it could wreck my career.'" But didn't we say people benefit from having their names linked with a new position? Not if their names become known and they fail to get the post, he says.

What upsets him most is that some people think that Heidrick itself leaked details of the Coke search. "Nothing could be further from the truth. It did us no good at all. It served no purpose and caused us a great deal of difficulty on the search. We used to be able to say to candidates, 'we can guarantee confidentiality on this' and we can't say that any more. And that's harmful to the industry. Whoever performed the Coke leaks did a lot of harm to the process."

He decides not to say any more. "I don't want to turn this into a Coke autopsy. I'm talking about a client and how they handle a search and I don't feel comfortable."

Let's come back to people who are happy in their work. How does he persuade them to move? "Oddly enough, it's not compensation," he says. How much they earn is important, but it is not their main reason for moving.

"They can only eat two eggs a day, drive one car at a time. What they really want is, number one, to run their own show." After that, they want to be sure that they will enjoy working with their new colleagues, that the job is in an industry they like and in a part of the world they would be happy to live in. "Compensation could not get Jim Kilts to go to Coke," he says. He has mentioned Coke again. Why didn't Mr Kilts accept the job? Is it true that he didn't want to move his family to Atlanta? "Can't say. Jim who?"

Back to those people who are too happy to change jobs. He must receive resumés from hundreds of others desperate to move. "Hundreds? Hundreds a day. I bet we get a



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thousand resumés a day, worldwide."

What does that tell him? "It tells me that a lot of people aren't happy with their jobs. Those that are happy, productive, valued, generally speaking, aren't sending in resumés." And it is the happy ones he is most interested in? "Yes. Without question."

So what advice does he give to those happy, productive people who hope, all the same, that the headhunters will call?

"They should keep their heads down, do a goddamn good job, achieve their objectives and make their bosses look good - and we'll find them."


*Tomorrow: Michael Skapinker talks to Joseph Bachelder, expert lawyer in executive pay negotiations*

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